

## RESOLUTION ON THE ACADEMY ON CAPITALISM AND LIMITED GOVERNMENT FOUNDATION

Executive Committee of the Senate  
University of Illinois at Urbana-Champaign  
Approved, August 30, 2010

### SUMMARY

The attached background statement provides an overview of interactions between UIUC campus governance and representatives of the Academy on Capitalism and Limited Government Foundation, going back to 2007 when the initiative was first announced. In order to share information which has not been widely known, it offers a detailed recounting of the genesis of the ACLG Foundation, its original agreement with the campus, its founding aspirations, and the ways in which these did or did not align with campus and university policies.

The pivotal event in this narrative was the 2008 report of the Chancellor's Advisory Committee on the ACLGF (the "Ulen Committee"), which concluded that practices of the ACLG Foundation violated the fundamental principles of institutional neutrality and institutional autonomy; and which recommended as a result that the agreement establishing the ACLG Foundation should be dissolved so that it could reconstitute itself as a fully independent off-campus foundation.

Chancellor Richard Herman, Senate leadership, and even representatives of the ACLG Foundation themselves endorsed this recommendation at the time.

Instead, a new agreement was negotiated in secret between the ACLG Foundation and the U of I Foundation, with no administrative or faculty governance approval. This new agreement redefined the ACLG Foundation as a "supporting organization," a legal tax category allowing the ACLG Foundation to proclaim both its independence (in certain respects) and its affiliation with the University of Illinois for fundraising purposes.

Repeated attempts over the course of the next year and a half, including efforts spearheaded by Interim President Stan Ikenberry, have failed to make progress in reconciling this new hybrid status for the ACLG Foundation, and its operations, with many of the concerns raised by the Ulen Committee and by Senate representatives.

This background statement and the attached resolution conclude that after all these efforts the recommendation of the Ulen Committee remains the correct one; that the agreement with the UI Foundation should be dissolved so that the ACLG Foundation can reconstitute itself as a fully independent off-campus entity.

## BACKGROUND

The Academy on Capitalism and Limited Government Foundation has had a vexed history since its establishment. The first time most faculty heard about this entity was on March 4, 2007, when the *News-Gazette* published an op-ed piece written by ACLG Foundation board member Tom O'Laughlin, announcing "Conservative Think Tank Poised to Begin at University":

*The Academy on Capitalism and Limited Government, formed last year on the University of Illinois' Urbana campus . . . will advance scholarly research into the moral and economic underpinnings of capitalism; it will publish and circulate findings throughout the policy-making apparatus, develop curricula, teach, engage students, host conferences and symposia and connect with like institutions . . .*

*Our academy . . . is the first of its kind in a public university setting. Others will surely follow, nudged along by this newer edition, and that 88-year old powerhouse at Stanford, the Hoover Institution, whose help in matters of structure and purpose we gratefully acknowledge. . .<sup>1</sup>*

That a non-University official was announcing the establishment of a University center raised great concern about the genesis and purpose of this entity. At a public university such as ours it is not possible to create a unit with a research and teaching function in this manner, something the ACLG Foundation founders ought to have understood.

Mr. O'Laughlin and other ACLG Foundation leaders repeatedly cited the Hoover Institution at Stanford University as a model for their aspirations: an independent institute located on a university campus, but not subject to campus governance or control.

Over the subsequent summer and into the fall, Senate members struggled to find information about the structure and mission of this proposed "Academy," its funding sources, and the role of national organizations (such as the National Association of Scholars and the American Council of Trustees and Alumni) in its establishment. From the very start, this lack of openness and transparency shaped faculty perceptions of the initiative's goals and origins; and even Chancellor Richard Herman said that the public claims made by ACLG Foundation members about what they intended to become did not match what he thought he was agreeing to when he initially approved it in a Memorandum of Agreement (MOA) signed in July 2006.

Chancellor Herman and Senate leaders were surprised and disturbed by announcements from the ACLG Foundation leaders about their expansive ambitions:

*"We think we have something that is so powerful – this may sound like hype – but we want to change the world for the better. And the golden goose is free market, entrepreneurial capitalism," said Jim Vermette, founder and member of the academy fund's board of directors, and a former president of the UI Alumni Association.*

*Fellow founder and board member Tom O'Laughlin is not shy about stating what the initiative is all about. In essays through the years, he often has written about "what we perceive to be an imbalance in the critical scheme of things."*

*"There's a decided left-wing bias in schools," he said. "This is our attempt to offer a forum for another point of view." . . .*

*Vermette said he can understand the concerns raised, and he and other members of the academy fund are willing to work with the UI Senate.*

*"We want to work with every department and university college. The reason that (the academy fund) has been placed within the foundation is it's the best place". . . . "It's more of a neutral environment over there," O'Laughlin said. . . .*

*The fund is at \$2 million, and the goal is to increase that to \$10 million in three years and \$100 million in 2015, Vermette said.*

*"We have to flesh out some definite long-term plans," he said. And someday those plans could include a building, he said. "*

*James E. Vermette, one of the founders and board members, makes clear that the program has "big plans and big dreams" . . . He would like to see something on the scale of the Hoover Institution, which is on the campus of Stanford University. . .*

*"I have known many donors through the years -- all capitalists -- all wonderful, generous people, who enriched our campuses throughout the country, and the ones who have benefited from their wonderful generosity seem to give dishonor to how they made their money," he said.*

*The new program will sponsor educational programs (the development of new courses or new curriculum for courses), lectures, conferences, research and more. The programs will all be based on "free market capitalism," Vermette said. . .*

*Vermette said that the founders of the center "very much want to work with faculty" at Illinois to support these programs. "We'll work within the system," he said.*

*Vermette stressed that the founders weren't trying to exclude professors, but he also said that the donors anticipated having a real role in determining who gets support through the fund. Faculty members, he said, "will help us decide what programs are acceptable." If professors at the university don't want to get involved, he said, "we'll bring in adjunct faculty when we need to," he added. . . .<sup>iii</sup>*

These comments reflected a complete misunderstanding of University processes and Statutory requirements. Of further concern to faculty were the implied linkage of the University of Illinois with the specific charter of the ACLG Foundation and its use of the UI Foundation as its fundraising arm: throughout this period Harker Hall, where the UI Foundation is housed, was listed as the contact address for the ACLG Foundation itself.

Mr. O'Laughlin's comment, "It's more of a neutral environment over there," indicates that the founders situated the ACLG Foundation in the UI Foundation precisely in order to circumvent campus oversight and review.

The ACLG Foundation's Board of Directors and Advisory Council had, and continue to have, cross-membership with campus faculty and UI Foundation personnel. ACLG Foundation events and fundraising activities have been routinely scheduled on the Urbana campus during the UI Foundation Weekend, when major donors are in attendance. The scheduling of events during Foundation Weekend and on campus property goes beyond simply providing the ACLG Foundation the opportunity to solicit funds directly from University of Illinois donors. It also implies an affiliation of the University of Illinois with the specific views of the ACLG Foundation. Furthermore, at these Foundation Weekend events, we have heard invitations like the one expressed in Mr. Vermette's quote, above - that donors who represent success stories because of capitalism should want to donate money to the University via the ACLG Foundation, to ensure that the right faculty with the right kinds of projects receive it. The ACLG Foundation has once again scheduled a promotional event to be held during Foundation Weekend this coming September 30.

In response to serious campus concerns raised about the ACLG Foundation, Chancellor Herman, working with the Senate leadership, appointed a faculty committee, chaired by Law Professor Tom Ulen, to review the ACLG Foundation charter and operations. It produced its initial report on October 29, 2007, concluding that the ACLG Foundation violated two fundamental principles of "a free and distinguished university": *institutional neutrality* (because the narrow advocacy mission expressed by the ACLG Foundation was inconsistent with the university's standards of open and free inquiry) and *institutional autonomy* (because the association of the ACLG Foundation with the University of Illinois, its establishment, and its academic mission were unaccountable to traditional administrative and faculty governance oversight).

As a consequence, the Ulen Committee recommended that the founding MOA be dissolved and replaced with an agreement consistent with the two principles described above. The Senate added its concerns about the ACLG Foundation in a November 5, 2007 resolution. Significantly, neither the Senate nor the Ulen Committee called for a dissolution of the ACLG Foundation or a rejection of free, open inquiry and debate over conservative issues on campus. But they did want this

entity brought under appropriate campus oversight. The Ulen Committee concluded, "A public university exists for the common good, not for the propagation of the views of its donors."<sup>iv</sup>

The ACLG Foundation leaders were dismissive of the initial Ulen Committee report:

*James E. Vermette. . . criticized the faculty committee that had found problems with the original agreement. "I was stunned by it," he said, adding that backers of the academy never wanted to see programs that would "teach only one side of an issue." He said that was "a terrible charge" that professors should not have made."*

*The group is also planning on eventually hiring an executive director, but "first we need to figure out where we fit here, how we're going to fit here" at the university, O'Laughlin said. . . .*

*O'Laughlin dismissed concerns that they would support research with "a preordained conclusion," that the academy fund would award a faculty member \$100,000, for example, to research a particular topic and expect the professor to arrive at certain conclusions.*

*"That's the last thing in world we want," O'Laughlin said."<sup>vi</sup>*

*James E. Vermette, a businessman and investor who was one of the founders of the center, said that he had "no problem" with renegotiating the agreement with the university, and that he thought that all that would be needed would be "some wording or clarification." He said he has not read the report.*

*Vermette said that he and other founders wanted research to be "objective and neutral," and that he didn't have any problem if some of the research supported didn't adhere to his views on capitalism. But he also said it was "absolutely wrong" to say that the original agreement sought to favor some views over others and that the founders' "basic principles" can't change. "We understand what the university is all about," he said. "I'm confident that rational people will be able to work their way through this -- as long as our basic principles don't change."<sup>vii</sup> [emphasis added]*

Following the release of the Ulen Committee report a lengthy process of negotiation ensued, involving members of the committee and representatives of the ACLG Foundation, to seek new language for an agreement that would serve the ACLG Foundation founders' legitimate purposes while also protecting campus principles. Multiple alternative versions were presented by the committee, and rejected by the ACLG Foundation. After nine months of these talks, no agreement could be reached and the Ulen Committee issued its final report on July 29, 2008, concluding, "In light of this extensive history and total lack of progress, we believe that it is pointless to pursue any further relationship between the University and ACLGF. We have, since our October 2007 report, welcomed and continue to welcome the diversity of views that the donors champion for this University. But we do not believe that that laudable goal can be accomplished in a fashion acceptable to both sides."

Chancellor Herman announced to the Senate in the fall of 2008 that the original MOA was being dissolved and that the ACLG Foundation would reconstitute itself as an independent foundation (on the model of the Ford Foundation). The *News-Gazette* described this arrangement as a "friendly divorce."

ACLG Foundation leaders at that time said they welcomed the new independence:

*"This academy will be an independent, off-campus corporation which will undertake its grant activities in the same fashion as the numerous other foundations which already provide support to the University of Illinois," according to a statement released by the group's advisory board.<sup>viii</sup>*

*James E. Vermette, one of the alumni donors and a board member for the academy, stressing that he was speaking only for himself, said he was "extremely enthused" about the possibilities for the academy operating by itself. "This gives us much more freedom to operate," he said.<sup>ix</sup>*

*There's really no fundamental change in our purpose," said Tom O'Laughlin, a donor from Champaign who has been acting as the group's chief executive officer.*

*The group still aims to promote free-market capitalism, limited government, individual rights, individual responsibility, enterprise and entrepreneurship, he said. . .*

*"We need to have decision-making authority in the hands of the Academy," O'Laughlin said.*

*There are no hard feelings, he said.<sup>x</sup>*

*Vermette said the academy still has a contract with the UI and is prepared to "enforce the old agreement" if new arrangements cannot be made. But both he and O'Laughlin said the tentative plan to establish a local foundation to work with the UI may actually be a better option.*

*"We will fund research proposals that are faculty-generated on this campus and other campuses like Chicago and Springfield," said O'Laughlin, who indicated the foundation wants to be both "sensitive to donor demands" and act in a way that is "compatible with university protocol."*

*"We're going to be doing essentially the same thing (as planned before)," O'Laughlin said.<sup>xi</sup>*

Over the course of the next several months, the Senate heard no news about progress toward achieving the outcome of a fully independent entity, which the ACLG Foundation leaders had endorsed. It was the understanding of Senate leaders that the delay was due to the complexity of disentangling the ACLG Foundation's finances from the UI Foundation.

It came as a surprise, therefore, when it was discovered in 2009 that the MOA had not been dissolved, but rewritten and renegotiated in secret between the ACLG Foundation and the UI Foundation. The ACLG Foundation was re-established as a 509(a)(3) entity, a tax classification termed a "supporting organization." This status allows the ACLG Foundation to call itself an independent foundation while specifying in its materials that it is established to support teaching and research carried out at the University of Illinois. Although a disclaimer on their web site and materials now states, "The Academy on Capitalism and Limited Government Foundation is not a unit of the University of Illinois," these same materials continually represent the ACLG Foundation as closely affiliated with the University of Illinois.

In truth the 509(a)(3) status cements the connection between the ACLG Foundation and the University, in spite of the explicit recommendation of the Ulen Committee Report, accepted by the Chancellor and initially by the ACLG Foundation's own leaders as well, to end it. If anything, this new arrangement strengthens this relationship; it certainly does not dissolve it.

Furthermore, whereas the original agreement required, at least *pro forma*, that the Chancellor approve ACLG Foundation expenditures, the new agreement was reviewed and approved by no campus or university official, and by no one involved in faculty governance, despite the evident impact of ACLG Foundation projects on research and teaching across the UI campuses.

The 509(a)(3) status provides special tax benefits to those who donate to the ACLG Foundation, tax benefits that would not be available to donors if the ACLG Foundation were in fact a fully independent foundation. The ACLG Foundation web site specifies that donations can be made either via the UI Foundation or directly to the ACLG Foundation itself. However, our understanding is that *all* contributions to the ACLG Foundation benefit from the privileged tax status established by its affiliation with the University – even though it maintains two separate accounts, one within the UI Foundation for funds to be used directly in support of campus projects, and a separate off-campus account for ACLG Foundation operating expenses.

In three meetings, one in fall 2009 and two more in spring 2010, between Senate leaders and UI Foundation officials who were members of the ACLG Foundation Board, we were told that the 509(a)(3) status is entirely legal, that there are other precedents at the Foundation for creating such donor-directed "supporting organizations," and that the current arrangement was intended to satisfy the demands of the Senate and the Ulen Committee that the ACLG Foundation be constituted as an "independent" entity.

Senate leaders responded that the ACLG Foundation is certainly not *fully* independent (not in the manner of the Ford Foundation or other foundations, to which it was comparing itself); that its involvement with the UI Foundation continues to create the appearance and the reality of an association between the ACLG Foundation and the University of Illinois; and that it is



inappropriate for the ACLG Foundation to use the reputation and privileged tax status of the University of Illinois as an advantage for its own fundraising and activities.

If the new agreement truly was intended to satisfy the demands of the Senate and the Ulen Committee, that could have been asked.

Moreover, Senate leaders pointed out, while there are other 509(a)(3) agreements with the UI Foundation, none has the particular history of this arrangement, which has suffered from the very beginning from a lack of transparency and a failure to recognize appropriate campus governance and oversight. Nor, as far as we know, is it standard practice to execute these donor-directed agreements with no campus or university administrative signoff at all. This unilateral arrangement creates, in effect, an affiliation that the campuses have neither sought nor consented to.

In the course of these discussions, we learned that a large percentage of funded ACLG Foundation projects were going to members of their own Advisory Council.<sup>xii</sup> This appears to be in violation of University ethics rules that prohibit this type of conflict of interest.<sup>xiii</sup> Moreover, there was no open call for proposals or formal submission process for ACLG Foundation grants, but rather a pattern of soliciting proposals from targeted faculty and, in some cases, asking faculty to sponsor events the ACLG Foundation itself had a hand in organizing (i.e., they were not faculty-initiated proposals). Finally, we learned that the ACLG Foundation web site and other materials continually take credit for events as "Academy Conferences, Symposia (etc.)," when as a supporting organization all the ACLG Foundation can do is to fund *University of Illinois* events.

In light of the failure to reach any meeting of minds during these meetings, Senate representatives met early in the summer of 2010 with Interim President Stanley Ikenberry, who agreed to help make a final attempt to bring this entity under appropriate academic governance. President Ikenberry helped to negotiate a set of guidelines for the expenditure of ACLG Foundation money, the key features of which were that the ACLG Foundation could expend funds only in response to faculty-initiated proposals; that they would have to establish a more open and transparent process for inviting and evaluating proposals; and that any faculty proposals for funding to the ACLG Foundation would have to go through appropriate unit and campus level review first.

For a brief time, it appeared that a breakthrough had been achieved, and that ACLG Foundation activities were finally going to be brought under appropriate academic control.

ACLG Foundation representatives, however, responded once again as if there were nothing new in these guidelines, and that they would make no difference to their way of doing business:

*Tom O'Laughlin, one of the founders of the academy and its acting chief executive officer, said he found nothing "new or shocking" in the guidelines.*

*The academy's website says its board provides grants for programs, research and activities at the UI "in response to proposals submitted by faculty." It says the academy is not "a unit of the University of Illinois," but rather a supporting organization to the UI Foundation "providing philanthropic investment in programs which comport with the Academy Mission and expressed donor intent and the teaching, research, and service missions of the University."*

*Gifts to the academy "may be designated for specific purposes being supported by the Academy subsequent to proposals received in compliance with University of Illinois policies and procedures. Gifts made to the account at the University of Illinois Foundation may only be used to support approved proposals," the web site says.*

*"We make decisions on funding after the fact, after they've been approved on campus," O'Laughlin said. "They can say no. We're not going to fund anything the campus doesn't approve." . . .*

*O'Laughlin said the academy will continue to entertain faculty proposals, and "if the board feels the proposal meets the standards the academy has established for that process, we'll fund it." If the vice chancellor or chancellor feel it's not appropriate, "we'll go elsewhere with it," he said.<sup>xiv</sup> [emphasis added]*

The ACLG Foundation sponsors still seemed to believe that they could take money raised in support of the University of Illinois and use it for other purposes. Their responses made it clear that, as promised on their web site and in their repeated public statements, the ACLG Foundation sponsors had never abandoned any key elements of their original plan to create a quasi-academic entity affiliated with the University of Illinois, whose content and activities they alone would control. The illusion of a quasi-academic center or think tank persists; and the continued use of the term "the Academy" to describe this enterprise only reinforces that illusion.

Equally clear was that their fundamental doctrine – that capitalism and limited government are superior social and economic principles – was not subject to change; and in fact that their commitment to this doctrine, much more than any commitment to rigorous intellectual inquiry or to the University of Illinois itself, was the driving force behind the establishment of the ACLG Foundation in the first place.

In a recent *News-Gazette* article, Mr. O'Laughlin revealed that the ACLG Foundation was about to hire a Chief Executive Officer, whom he expected to begin September 1, 2010, which would further cement the ACLG Foundation's appearance as a self-governing quasi-academic entity.<sup>xv</sup> While hiring such a leader was mentioned early on as an objective for the ACLG Foundation when it still aspired to become like the Hoover Institution, it seems less necessary now that the

ACLG Foundation is (supposedly) just a funding mechanism within the UI Foundation for supporting faculty projects. Moreover, during the summer of 2010, Senate leaders asked ACLG Foundation representatives whether there were plans to hire an Executive Director, and were told that there were none. The new spokesperson will be paid with funds raised under the auspices of an organization affiliated with the University of Illinois, but the hiring has not been subject to any campus or university consultation or oversight.

In conversations with Senate leaders during the summer of 2010, members of the UI Foundation speaking on behalf of the ACLG Foundation made clear that in their view *only* funds held in the UI Foundation were subject to any campus oversight, and that money the ACLG Foundation raised separately could be used for other purposes with no campus review whatsoever (even though it is still raised under the auspices of a “supporting organization”). The careful wording on the current ACLG Foundation web site reflects this position: “*Gifts made to the account at the University of Illinois Foundation may only be used to support approved proposals*” (emphasis added).

In the face of these further comments from the ACLG Foundation, the expectation of greater transparency and accountability to the campuses eroded quickly, and with it a good measure of the trust that Interim President Ikenberry had worked so hard to establish.

What we have seen is that its unusual hybrid nature allows the ACLG Foundation to claim affiliation when it wants to claim affiliation and independence when it wants to claim independence – an ambiguity that in our view does more to serve the ACLG Foundation interests than it does the University’s.

Meanwhile, key parts of the ACLG Foundation mission statement and web site remain virtually unchanged from their earliest incarnations; on August 21, 2010, the web site still featured statements such as the following:

*Free market capitalism, Limited government, Individual rights, Individual responsibility, Enterprise, Entrepreneurship. These are the linchpins of a productive and successful American society . . .*

*[The Academy] supports research and teaching that examines in a fair and unbiased manner free market capitalism, limited government, individual rights, individual responsibility, and enterprise and entrepreneurship as the foundation of a productive and successful society. . . .*

*The Academy Foundation will seek to promote a comprehensive understanding of capitalism and the vital role it plays in the American experience.<sup>xvi</sup>*

Whether one agrees with these views or not, they are statements of doctrine, not questions to be examined in an open-ended academic investigation. They have no place in a foundation

ostensibly directed toward funding faculty and student inquiry. Despite calls for “fair and unbiased inquiry,” they predetermine the conclusions of such inquiry. While the ACLG Foundation has funded some debates featuring pro and con positions, much of their funding has gone toward sponsoring speakers who provide a corrective to what they clearly see as a hostile campus climate, first signaled in Mr. O’Laughlin’s earliest comments.

Most revealingly, perhaps, the ACLG Foundation mission statement concludes:

*The purpose of the Academy Foundation as expressed in its governing document will not be altered.<sup>xvii</sup>*

This statement has appeared in every version of this document since the very early days. Although the “governing document” is not published on the web site or anywhere else, it is referred to here as an unalterable statement of core principle, not subject to revision. Here again, statements like “free market capitalism, limited government, individual rights, individual responsibility, and enterprise and entrepreneurship [are] the foundation of a productive and successful society” are expressed as articles of unchanging faith, not hypotheses to be examined. Moreover, this statement indicates that despite years of back-and-forth, the ACLG Foundation founders have not and will not alter or abandon their original aspirations.

In the end, this is the problem that no level of negotiation has ever changed: the technicalities of 509(a)(3) tax status, separate bank accounts, secretly negotiated agreements, and so on, all raise questions yet apparently operate within the letter of the law. But what “has not been altered” since the very first appearance of the ACLG Foundation is its espoused mission to transform the curriculum and the campus conversation at the University of Illinois by funneling money to sponsored speakers who share their beliefs and to those friendly faculty members “who [are] helpful to the academy.”<sup>xviii</sup>

Finally, because it was apparent that there still was no mutual understanding about the Ikenberry rules and what they entailed, and because working through intermediaries was not helping the process, the Senate Executive Committee wrote to the ACLG Foundation Board chair directly on July 27, 2010, specifying the ways in which the operations of the ACLG Foundation are still incompatible with the principles laid out by the Ulen Committee, and what would need to change to bring those operations into compliance with the Ikenberry rules and the principles of institutional autonomy and institutional neutrality. The letter specified:

1. That the ACLG Foundation mission statement needed to be revised to express an inquiry-based mission rather than an advocacy mission.

2. That the ACLG Foundation, which says it wants to operate like any other foundation, should stop holding promotional and fundraising activities during the UI Foundation weekend – which clearly no other independent foundation would be allowed to do.
3. That because the ACLG Foundation is raising funds as a “supporting organization” of the UI, and gaining the tax benefits therewith, it cannot expend those funds for purposes other than the direct support of the University.
4. That the ACLG Foundation must establish a public, transparent, and criterion-driven process for soliciting and evaluating proposals, open to all faculty and staff on the three campuses.
5. That the ACLG Foundation must acknowledge that the campuses have a right to review and approve or deny applications to the ACLG Foundation before they are considered for funding.
6. That the ACLG Foundation must cease their current practice of co-designing campus events and then asking faculty – including members of their own oversight committees – to sponsor them. The Ikenberry rules require funding “faculty-initiated” proposals only.
7. That the ACLG Foundation must cease describing University of Illinois events as “Academy” events, simply because they are funded or co-sponsored by the ACLG Foundation. These are University of Illinois events; there is no “Academy.”
8. That the ACLG Foundation must publish a complete list annually of all funded projects, their amounts, and their recipients.

In a terse reply to the Senate Executive Committee on July 30, 2010, the ACLG Foundation reasserted its right to continue its practices virtually unchanged. The response ignored or rejected all but two of the conditions itemized in the Senate Executive Committee letter. They acknowledged that number 5 applies to them, as it does to all foundation or grant funding; but this condition has never yet been put to the test of actually reviewing or potentially rejecting any ACLG Foundation initiative. They also acknowledged number 4, and said they were working on such an application and review process, the final form of which no one has yet seen. But because they would not alter their position that all projects must subscribe to the doctrine that capitalism and limited government are superior principles of social organization, and because they refused to abandon or modify their practice of promoting activities co-designed and sponsored by members of their own governing boards, the academic credibility of any kind of internal review process is thrown into doubt. If in fact their practice of funding projects through the members of

their governing and advisory boards is a violation of university rules governing conflict of interest, as it appears to be, then there is no way that can be allowed to continue.

These and other issues raised by the Senate Executive Committee letter were either ignored or openly dismissed as legitimate concerns. This continues the pattern of non-engagement which has troubled this enterprise from the very beginning; faculty objections never seem to require any fundamental rethinking or modification of the ACLG Foundation's principles or agenda. Indeed, their own documents and public statements assert that they cannot and will not modify them.

This sequence of events has cemented, in the Senate Executive Committee's view, the conclusion that co-existence with the ACLG Foundation in a manner consistent with the principles of institutional neutrality and institutional autonomy is simply not possible.

No Senate statement has ever challenged the right of the ACLG Foundation to establish an independent foundation dedicated to conservative or libertarian principles, nor to fund scholarly projects on this or any other campus, subject to the campus processes of review that all funded projects must undergo. All Senate statements have reaffirmed our commitment as a university to the value of free and open debate across diverse points of view.

What fundamentally remains at issue is an entity that refuses to be held to accepted norms of institutional neutrality and autonomy; that holds and espouses unchangeable doctrinal views about society; that suggests a special relationship with the University of Illinois in advancing one particular set of perspectives about those matters; and that uses this relationship to promote its public visibility, credibility, and fundraising advantages. Hence the need for the following resolution.

## RESOLUTION

WHEREAS the Academic Senate of the University of Illinois at Urbana-Champaign is firmly committed to the principles of free inquiry and open debate across diverse theoretical and social perspectives;

WHEREAS we acknowledge the right of groups, including the Academy on Capitalism and Limited Government Foundation, to organize themselves and collect funds to promote their points of view;

WHEREAS the Academic Senate of the University of Illinois at Urbana-Champaign, its leadership, and the Chancellor's Advisory Committee on the Academy on Capitalism and Limited Government Foundation (the "Ulen Committee") have repeatedly expressed the concern that the affiliation of the ACLG Foundation with the University of Illinois and the University of Illinois Foundation, along with its fundraising during the UI Foundation weekend, all create the appearance of an institutional endorsement of the particular views of the ACLG Foundation and its founders;

WHEREAS we reiterate the fundamental conclusion of the Ulen Committee, that "a public university exists for the common good, not for the propagation of the views of its donors";

WHEREAS the founding and evolution of the ACLG Foundation have consistently evaded the processes of faculty governance and oversight, despite its overtly academic mission;

WHEREAS the unambiguous recommendation of the Ulen Committee, the Senate, and the Chancellor in 2008 was that the relationship between the University and the ACLG Foundation should be dissolved, and whereas the ACLG Foundation leaders themselves said they were "extremely enthused" about fully independent status at the time;

WHEREAS the current arrangement of the ACLG Foundation as a 509(a)(3) supporting organization instead formalizes the association between the ACLG Foundation and the University of Illinois and allows the ACLG Foundation to use the reputation and the privileged tax status of the University of Illinois as an advantage for its own fundraising and activities;

WHEREAS this redefinition of the ACLG Foundation as a supporting organization creates a unilateral affiliation with the University of Illinois, an arrangement that was not subject to campus or University consent;

AND WHEREAS the implied affiliation of the University with an enterprise committed to an unalterable advocacy mission damages the reputation of the University of Illinois as an autonomous and nonpartisan center of scholarly inquiry;

BE IT RESOLVED that the Senate Executive Committee of the University of Illinois at Urbana-Champaign calls upon campus, University, and U of I Foundation administrators to dissolve the Memorandum of Agreement establishing the ACLG Foundation as a 509(a)(3) affiliate of the University of Illinois;

BE IT RESOLVED that we recommend instead the establishment of the ACLG Foundation as a fully independent foundation, and that all funds being held by the University of Illinois Foundation toward the purpose of funding the ACLG Foundation be returned, in accordance with legal requirements, in consequence of which the ACLG Foundation would be free to devote those funds to its own purposes as a free-standing body or by donation elsewhere;

FINALLY, BE IT RESOLVED that copies of this Resolution, and the accompanying Background Statement, be forwarded to Michael J. Hogan, President of the University of Illinois; Stanley O. Ikenberry, Past Interim President of the University of Illinois; Robert A. Easter, Interim Chancellor and Provost of the University of Illinois, Urbana-Champaign; Sidney S. Micek, President of the University of Illinois Foundation; and Thomas W. O'Laughlin, Jr., Acting CEO of the ACLG Foundation.

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<sup>i</sup> Conservative Think Tank Poised to Begin at University. *News-Gazette*, March 4, 2007.

<sup>ii</sup> Conservative Fund's Causing a Stir on Campus. *News-Gazette*, 09/16/2007.

<sup>iii</sup> Hoover in the Heartland. *Inside Higher Education*, September 20, 2007.

<sup>iv</sup> [http://www.senate.illinois.edu/aclgf\\_report.pdf](http://www.senate.illinois.edu/aclgf_report.pdf)

<sup>v</sup> 2 Wins for Illinois Professors. *Inside Higher Education*, October 7, 2008.



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<sup>vi</sup> Academy Fund Still in Works; Faculty Concerned. *News-Gazette*, 09/20/2008.

<sup>vii</sup> 'Fundamentally Inconsistent' With University Values. *Inside Higher Education*, November 7, 2007.

<sup>viii</sup> UI, Academy on Capitalism Go Separate Ways. *News-Gazette*, 10/06/2008.

<sup>ix</sup> 2 Wins for Illinois Professors. *Inside Higher Education*, October 7, 2008.

<sup>x</sup> Academy Fund Donors Agree to Split from UI, Go Independent. *News-Gazette*, 10/07/2008.

<sup>xi</sup> Friendly Divorce for UI, Academy on Capitalism Fund. *News-Gazette*, 10/13/2008.

<sup>xii</sup> Academy on Capitalism Paid for \$64,000 in Projects at UI in 2009. *News-Gazette*, 07/18/2010

<sup>xiii</sup> The Policy on Conflicts of Commitment and Interest lists the following as one of the "Examples of Non-Allowable Activities or Those Requiring Prior Approval or Potential Management": "4. Serving on the board of directors or a major advisory committee of an external entity which sponsors the academic staff member's research or provides gift funds for the use of the academic staff member or his/her department."  
[<http://www.vpaa.uillinois.edu/policies/conflict-of-commitment-and-interest-policy.cfm#III-C-1>]

<sup>xiv</sup> Academy on Capitalism Still has Strong Ties to UI Campus. *News-Gazette*, 07/18/2010.

<sup>xv</sup> Academy on Capitalism Still has Strong Ties to UI Campus. *News-Gazette*, 07/18/2010.

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<sup>xvi</sup> <http://academyoncapitalism.org/>

<sup>xvii</sup> <http://academyoncapitalism.org/>

<sup>xviii</sup> Academy on Capitalism Paid for \$64,000 in Projects at UI in 2009. *News-Gazette*, 07/18/2010.